

SJR

oo

HOUSE COMMITTEE REPORT

(9)

Date referred: 4/15/88

FURTHER REFERRALS: Finance

DATE: 5-6-88

The Resources Committee has considered SJR 8

Relating to a federal tax on imported oil.

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

John Favara

Robert Carver

Sam Hill

Dick Studd

Heinrich Fringer

SIGNING OTHER RECOMMENDATIONS:

Adelheid Herrmann, No Rec.

W. J. Davidson

Adelheid Herrmann

 Chairman's signature

ALASKA STATE SENATE

JOE P. JOSEPHSON
DISTRICT H ANCHORAGE
3111 C STREET, SUITE 550
ANCHORAGE, ALASKA 99503
19071561-7611



WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4525

House Resources
May 6, 1988

OIL IMPORT FEE RESOLUTION

Oil Imports:

--In 1985, the United States imported 4.9 million barrels of oil per day, about 30% of our total consumption.

--In 1987, the United States imported almost 7 million barrels of oil per day, nearly 40% of total consumption.

--Experts tell us that oil imports could comprise as much as 50% of the United States' consumption by 1990.

Benefits of a Federal Tax on Imported Oil:

(House Research Memo, 2/7/86)

--estimated federal revenues of \$26 million per day (on projected imports of 3.3 million barrels per day of crude oil and 1.9 million barrels per day of refined products in 1986, at \$5/barrel tax);

--the potential for reducing the federal budget deficit and thereby lowering interest rates;

--a stabilizing effect on the U.S. oil industry and its employment which have been badly bruised under current declines in crude oil prices;

--encouragement of domestic oil exploration and production;

--less likely failure of banks heavily burdened with energy loans;

--enhanced revenues to energy-producing states such as Alaska, Texas, California, Louisiana, and Oklahoma.

Revenue Implications for Alaska:

--If the wellhead price of Alaskan crude could adjust to match the tax increase, for every \$1 increase in wellhead prices, between \$135 million and \$150 million would accrue to the State treasury as a result of increased royalties and severance taxes.

--At current production levels, assuming a \$5/barrel import fee, the State could receive as much as \$750 million a year.